



**Variant Impact Fund**  
**Annual Impact Report**  
**2023**

# Welcome



**Bob Elsasser**  
Chair of the Impact  
Investing Committee

## Fellow Investors,

We are thrilled to present our second Annual Impact Report for the Variant Impact Fund (the "Fund")!

This report celebrates the positive impact that your capital makes. During the past year, your capital has been busy improving human lives, working to protect the planet and building a brighter future.

The Fund's assets under management (AUM) grew more than fivefold during this fiscal year, reaching \$34 million. More capital means more impact. The Fund was able to broaden its reach dramatically, investing in 24 different investment strategies in more than 16 countries around the globe and across eight distinct IRIS+ impact themes, supporting an ever-growing list of United Nations Sustainable Development Goals ("UN SDGs") targets.

The numbers are in, and show that your capital did indeed "yield a difference". This report details the quantity of housing units created, students educated, loans originated and more that you helped achieve.

The Annual Impact Report is not only an opportunity to celebrate, it is also one to scrutinize. During our annual review process, we ask ourselves whether the investments are living up to their underwritten impact expectations and what, if necessary, can be done to enhance their impact delivery.

We are very proud of the Fund's impact over the past year and excited about its potential to do so much more. We thank you for your partnership as we push forward to seek even better impact and yield for the year ahead.

# Yielding a difference

## Variant Impact Fund (IMPCX)

The Variant Impact Fund offers investors efficient access to a diversified portfolio of unconventional income-generating assets aligned with the United Nations Sustainable Development Goals ("UN SDGs"). The Fund invests in niche market opportunities with strong cash flow characteristics and low correlations to public equity and bond markets. The Fund's primary objective is to provide a high level of current income, with capital appreciation a secondary objective.

The Fund also seeks to generate positive social and environmental impact by targeting investment opportunities aligned with both the UN SDGs and the Fund's impact investing framework. The Fund intends to invest in a wide range of opportunities across three core impact objectives: (i) financial inclusion; (ii) equitable growth; and (iii) responsible consumption.



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At Variant we believe in...

- › The power of capital to unlock opportunities that can meaningfully improve lives.
- › The potential of all people.
- › The protection and preservation of our planet's resources.



# Variant Commitments

## ESG

Variant Investments, LLC ("Variant") became a signatory to the Principles for Responsible Investment (PRI)<sup>2</sup> in January 2022.

Core to that commitment is the incorporation of environmental, social, and governance issues into investment analyses and decision-making processes. This commitment goes beyond the Fund and covers all of our investment activity as a firm.

In addition, Variant maintains an exclusions list because some investments, regardless of how compelling the economics may be, are deemed to pose undue harm.

## Impact

Variant joined Global Impact Investing Network (GIIN)<sup>3</sup> in May 2021. The GIIN is the global champion of impact investing, dedicated to increasing its scale and effectiveness around the world. Impact investments are made with the intention to generate positive, measurable social and environmental impact alongside a financial return.



## Giving Back

Over the past year, Variant implemented two new programs aimed at sharing the financial success of the firm with a broader group of constituents – our employees, and the charitable organizations of their choosing.

### 1) Employee Sharing Program

All full-time employees at all levels of the organization are now eligible to participate in a portion of the distributions received by equity holders. This new financial sharing program aligns interests, advances stakeholderhood and promotes our goal to be an employer of choice. And, of course, our employees deserve it.

### 2) A new charitable donations program.

Each year, Variant offers to donate

up to \$5,000 per employee to qualified organizations of their choosing. As a firm, Variant believes that letting the employees determine the beneficiaries results in more thoughtful and involved donations and will encourage and advance a lifelong culture of giving. A list of the 2022 recipients is below.

- Open Adoption & Family Services
- Water Wells for Africa
- Kim's Hope
- Oregon Justice Resource Center
- Boys & Girls Club
- RefugeeOne
- St. Jude Children's Research Hospital
- Ukraine Humanitarian Crisis Recovery Fund
- AmeriCares Disaster Relief



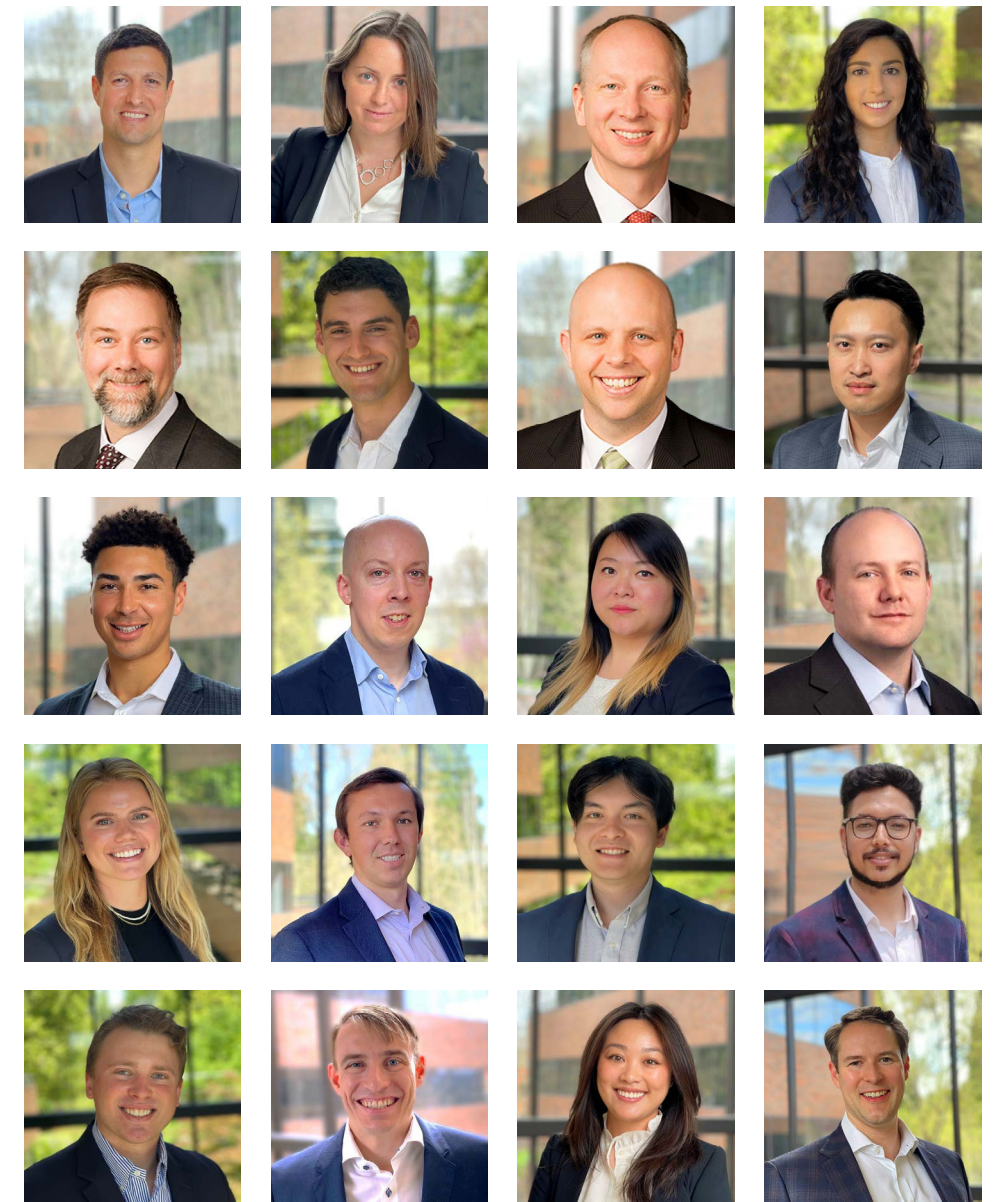
# Diversity, Equity and Inclusion

At Variant, we grow stronger by bringing unique voices to the team – and making sure these voices are heard, respected, and acknowledged for their contribution.

Variant has chosen a definition of diversity that focuses on Underrepresented Groups that include females, disabled persons, veterans, LGBTQ+, Black/African, Hispanic/Latinx, Asian/Pacific Islander, Middle Eastern, Indigenous, and multi-racial persons.

Individuals from these Underrepresented Groups comprise a substantial percentage of both the firm's ownership and employment.

Variant has also committed to include diversity in its investment process by collecting diversity metrics on all of our investment counterparties.





# Our Impact Framework

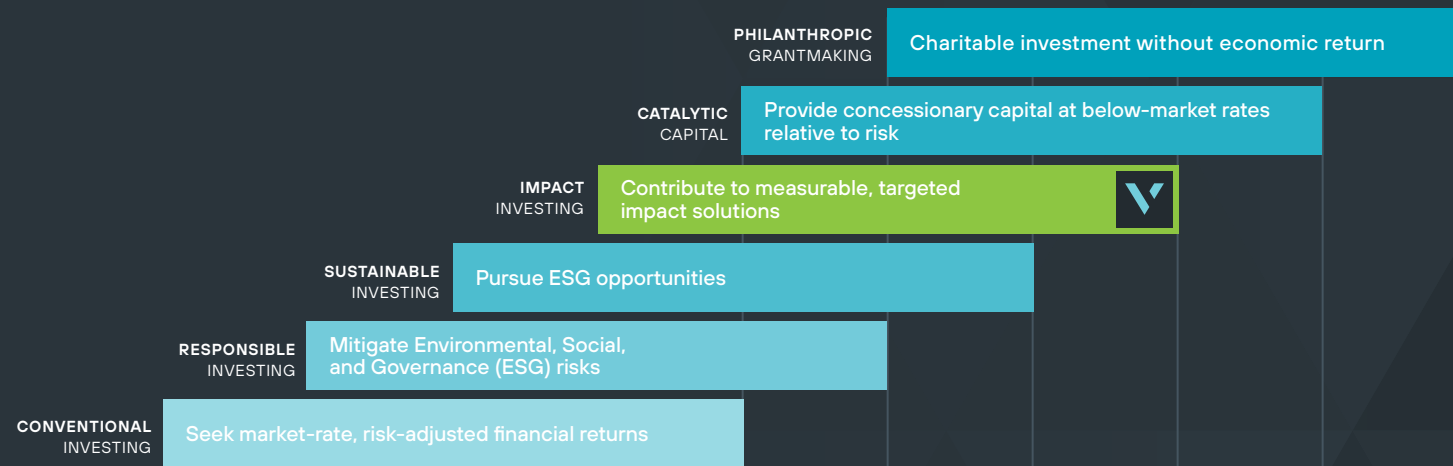
## Profit with Purpose

Incorporating social and environmental factors into investment decisions can open up a wide spectrum of options with varying degrees of impact. At one end of the range are investment products that deploy negative screens to avoid doing any specific harm, while at the other end are philanthropic grants, which offer significant positive impact potential but little regard to financial return.

The Variant Impact Fund intends to sit in the middle of that spectrum. We interpret "impact investing" to mean a strong intentionality to make a meaningful contribution to measurable, targeted solutions.

While positive impact is the goal, the Fund fully intends to be executing at market rates of return and should not be considered concessionary capital.

On occasion, "catalytic capital" opportunities may arise, in which the positive impact component is so compelling that the Fund may be willing to accept slightly less return or slightly more risk relative to market, but such investments are expected to be limited in scope and scale. During the reporting period, the Fund did not make any investments that it would consider to be catalytic capital.



## TIDELINE

Throughout its history, Variant has been investing in impact-oriented investments. However, the launch of a dedicated impact strategy required building an entirely new architecture focused on meeting the unique demands of an impact mandate. Our goal was to build

a framework and processes in line with current best practices in the impact investing community.

For that reason, Variant engaged Tideline<sup>4</sup>, a leading consultant in impact investing, to advise on the

design and operationalization of our impact management strategy. Tideline is a specialist, women-owned consulting firm that works with asset managers and allocators to design and implement best-in-class impact management systems.



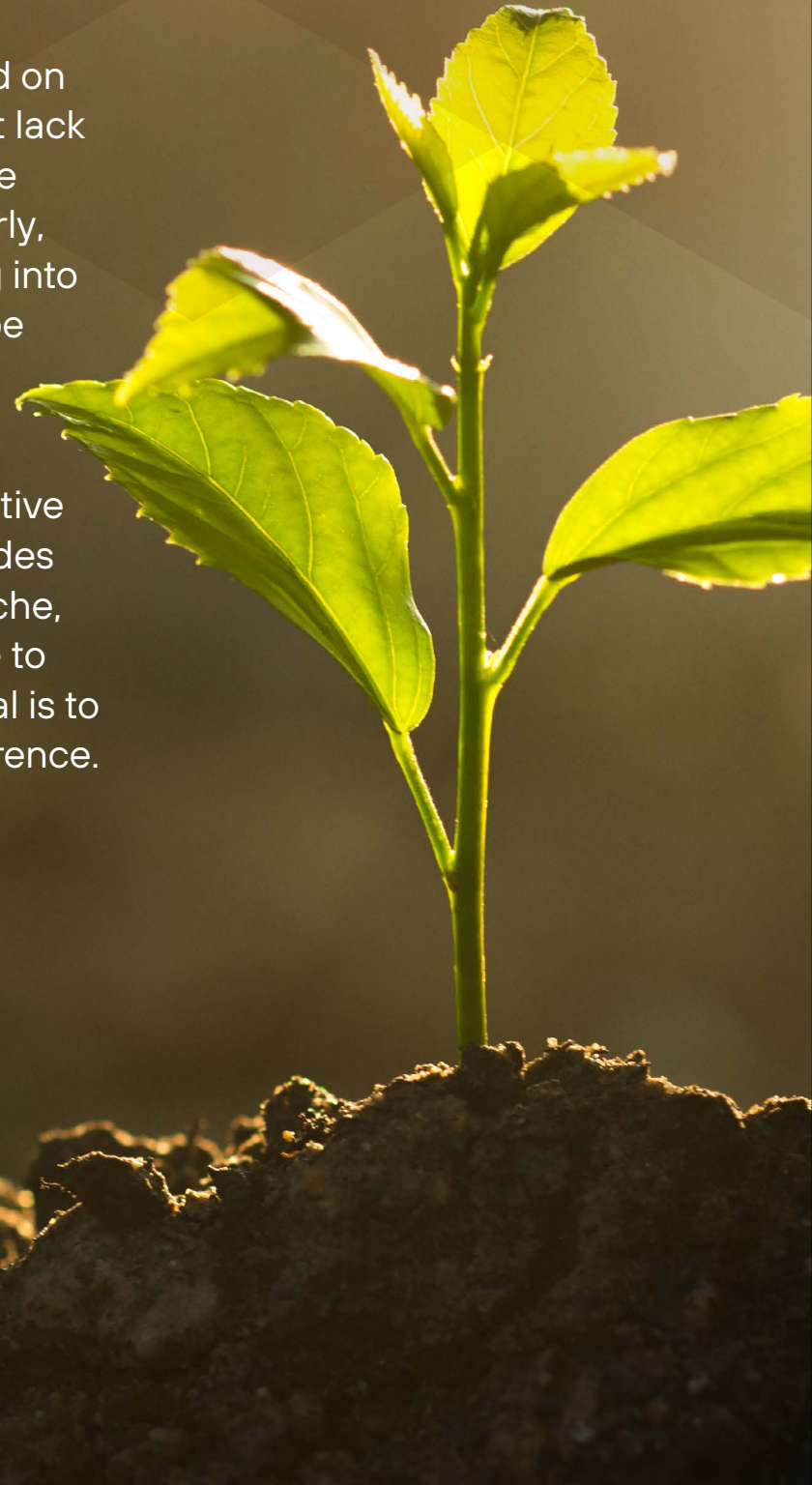


# Theory of Change

## Make the money matter.

Since its inception, Variant has focused on niche private market opportunities that lack traditional capital market providers. The Variant team believes that by being early, avoiding crowded markets and leaning into hard work investments, investors can be rewarded financially.

Likewise, the team believes the same approach can provide an outsized positive impact. The Variant Impact Fund provides capital to attractive opportunities in niche, underfinanced markets that contribute to the UN SDGs. Put more simply, our goal is to make sure the dollars truly yield a difference.



# Variant Impact Theses

## Financial Inclusion

To increase access to financial services for underserved markets and beneficiaries.

- Financial Inclusion
- Gender Lens
- Racial Equity



## Equitable Growth

To enhance quality and equity of essential services that enable economic growth in underserved communities.

- Access to Quality Education
- Affordable Quality Housing
- Quality Jobs



## Responsible Consumption

To minimize environmental impact and promote more sustainable resource consumption.

- Clean Energy
- Climate Change Mitigation
- Energy Efficiency
- Sustainable Agriculture



# Impact Investment Process



## Impact Assessment

Each investment is assessed and scored across four different impact dimensions by the Impact Investing Committee. The first two dimensions relate to the alignment with the UN SDGs, while the remaining two address capital access.

### SDG Alignment

#### Intentionality

The degree to which the counterparty intentionally targets and creates SDG-aligned impact. This assessment might consider the robustness of their impact process and how core the delivery of impact outcomes is to their business model.

#### Quality

The counterparty's expected success rate in delivering the targeted impact. The review might include their historical track record and comparison to peers to the extent these are available. The potential for negative externalities should also be considered.

### Capital Access

#### Need

The size of the funding gap and the extent to which the Fund's capital is unique and needed to achieve impact goals.

#### Amplification

The ability to have an impact beyond the provision of capital. This might include negotiated terms and conditions that would amplify the impact value of the investment or the ability for the Fund's investment to attract additional external sources of capital to the opportunity.



## Impact Reporting

IRIS+<sup>5</sup> is the generally accepted system for measuring, managing, and optimizing impact, supported by leading impact investors and housed within the GIIN. As a GIIN member, Variant has adopted the IRIS+ investment themes and categories for reporting purposes. Variant seeks to track relevant IRIS+ deal-level metrics where possible.

## Impact Investing Governance

Variant established the Impact Investing Committee (the "Committee") to manage the Fund's impact investing policies and procedures. The Committee is chaired by a Principal of Variant and includes members of the investment team and a member from outside of the investment team. Individual investments under consideration for the Fund are reviewed and approved by the Impact Investing Committee to ensure assessment discipline and consistency in the impact investing process.

## United Nations Sustainable Development Goals

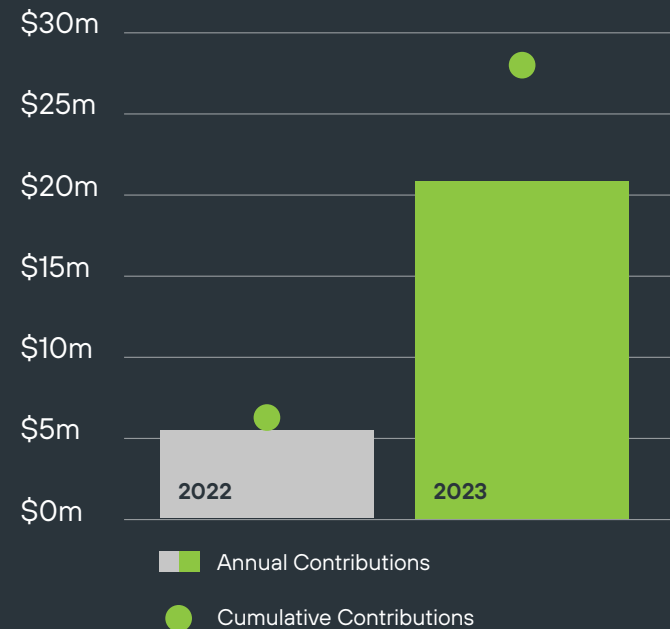
The Sustainable Development Goals<sup>6</sup> are a universal call to action to end poverty, protect the planet, and improve the lives and prospects of everyone, everywhere. The 17 Goals were adopted by all UN Member States in 2015, as part of the 2030 Agenda for Sustainable Development which set out a 15-year plan to achieve the Goals.



# Variant Impact Fund Portfolio Review

The Variant team is excited about the growth and broadening reach of the Fund. During this fiscal year-ended April 30, 2023, the Fund deployed \$21.1MM dollars across a wide variety of investment opportunities and impact themes. This represents a four-times increase in capital deployment over the prior partial fiscal year. Capital is currently invested across 24 investment strategies and 40 individual investments. For a full reporting of the Fund's positions, please see the financial statements provided on the Fund's website<sup>7</sup>.

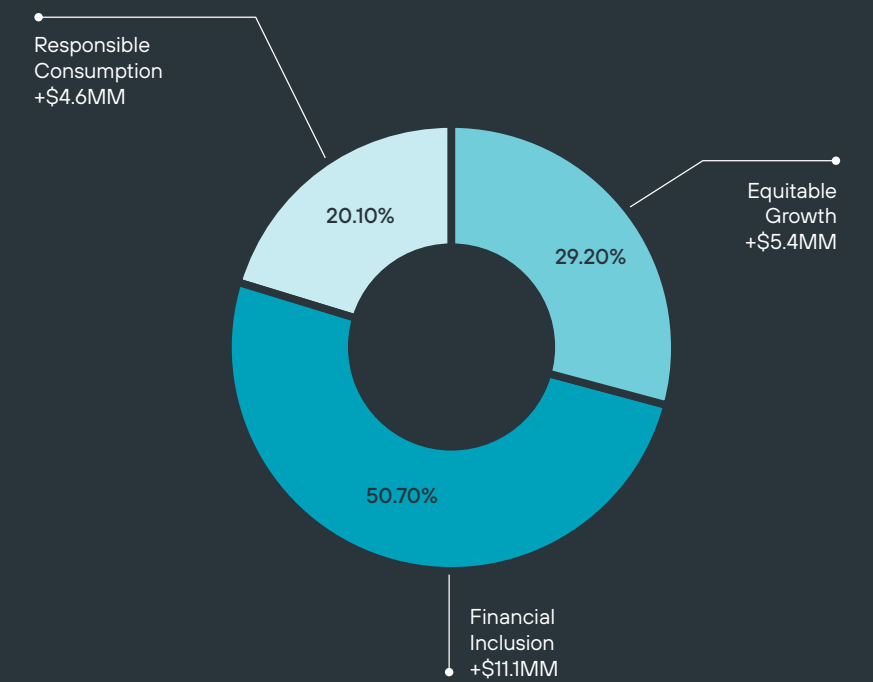
**Capital Deployment<sup>8</sup> by Fiscal Year and Cumulative Capital Deployment since Fund Inception<sup>9</sup>**



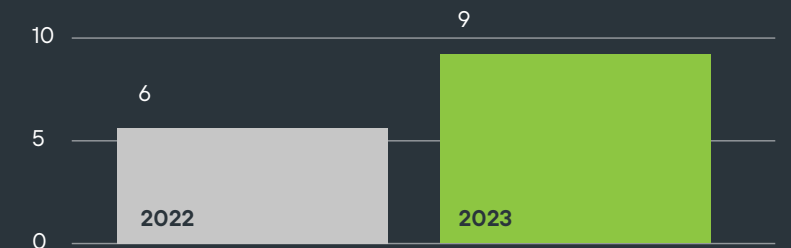
## Portfolio by Impact Thesis

The Variant team continues to focus investments in three core areas of impact: Equitable Growth, Financial Inclusion, and Responsible Consumption.

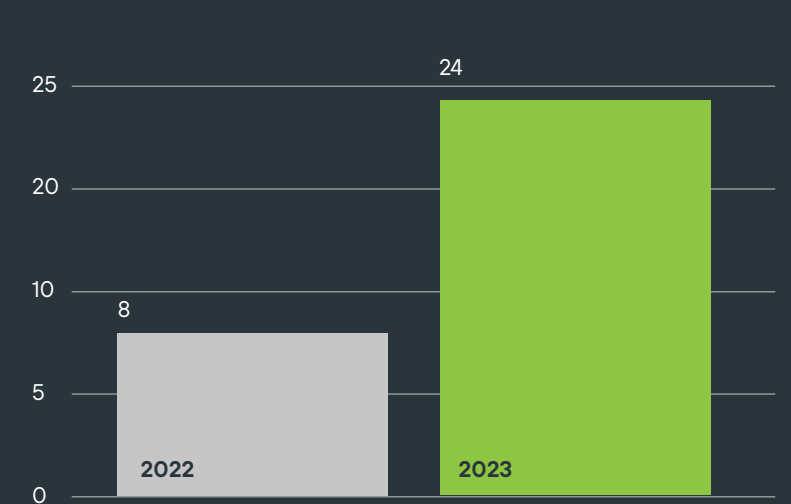
New capital was provided across all three core impact theses during this fiscal year, with Financial Inclusion holding the largest share.



## Number of IRIS+ Impact Themes



## Number of Investment Strategies

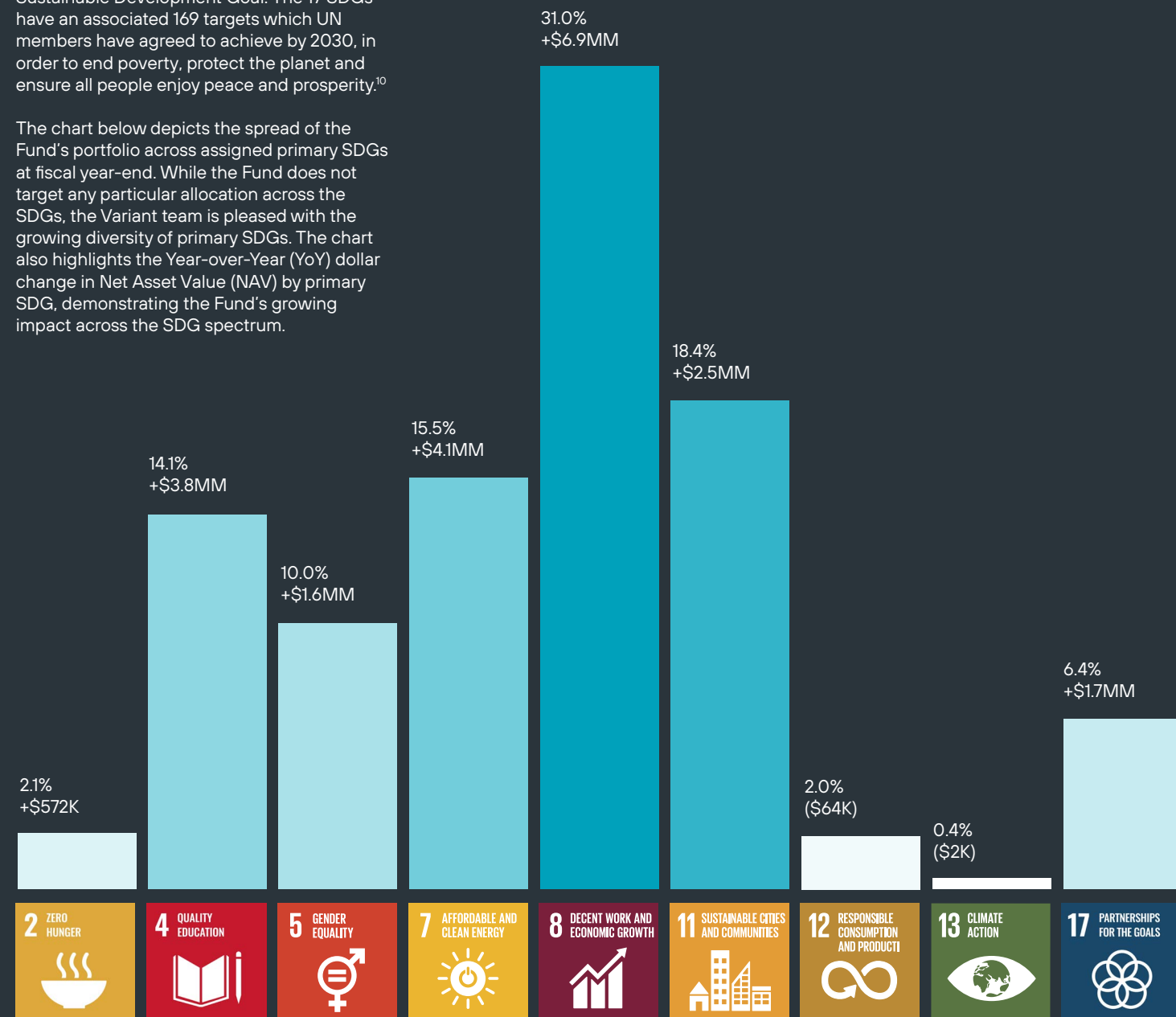


# UN SDGs

## Portfolio by Primary SDG

During the impact assessment process, each investment is assigned to a primary UN Sustainable Development Goal. The 17 SDGs have an associated 169 targets which UN members have agreed to achieve by 2030, in order to end poverty, protect the planet and ensure all people enjoy peace and prosperity.<sup>10</sup>

The chart below depicts the spread of the Fund's portfolio across assigned primary SDGs at fiscal year-end. While the Fund does not target any particular allocation across the SDGs, the Variant team is pleased with the growing diversity of primary SDGs. The chart also highlights the Year-over-Year (YoY) dollar change in Net Asset Value (NAV) by primary SDG, demonstrating the Fund's growing impact across the SDG spectrum.



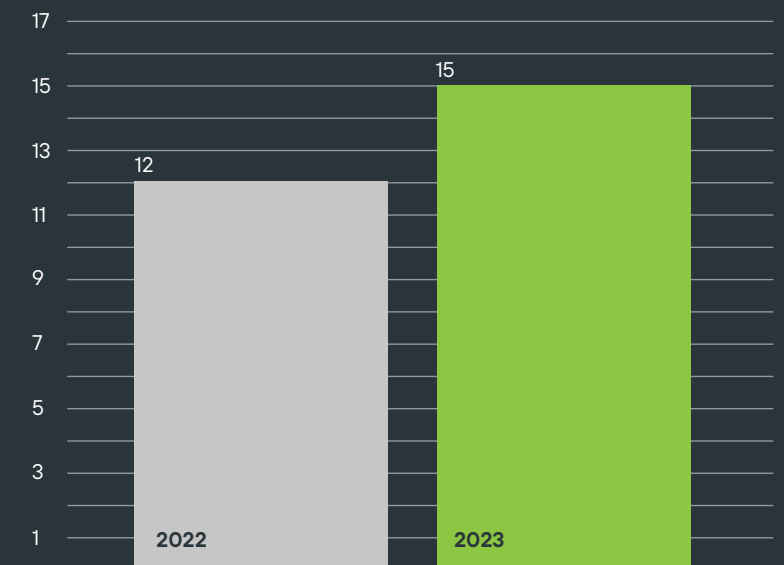
## Portfolio by Primary SDG Target

When assigning a primary SDG, each investment must also be tied to a specific SDG target. At fiscal year-end the the Fund's portfolio was allocated across 12 primary SDG targets. A list of the Top 5 primary SDG targets, and the percentage of investments assigned to them, is provided below.

<p><b>Target 8.10</b> (31.0% of investments): Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p>	<p><b>Target 7.2</b> (10.7% of investments): By 2030, increase substantially the share of renewable energy in the global energy mix</p>
<p><b>Target 11.1</b> (15.2% of investments): By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>	<p><b>Target 5.5</b> (10.0% of investments): Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>
<p><b>Target 4.3</b> (14.1% of investments): By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p>	

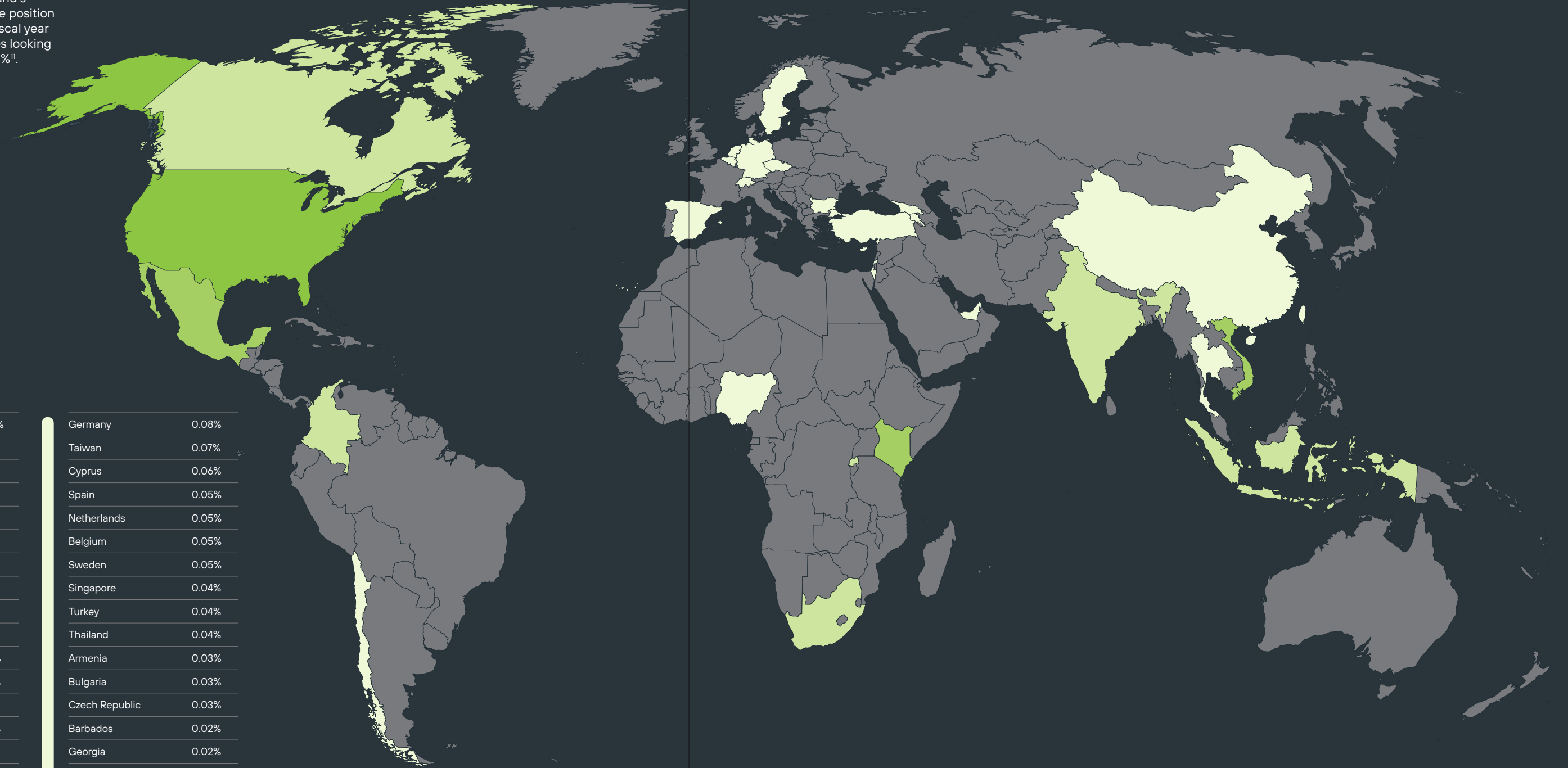
## Portfolio by Primary & Secondary SDGs

Given individual impact investments often work to support multiple SDGs, secondary SDGs are also identified during the impact assessment process. As of fiscal year-end, on a combined primary and secondary basis, the portfolio was supporting all but two of the 17 SDGs.



# Portfolio by Geography

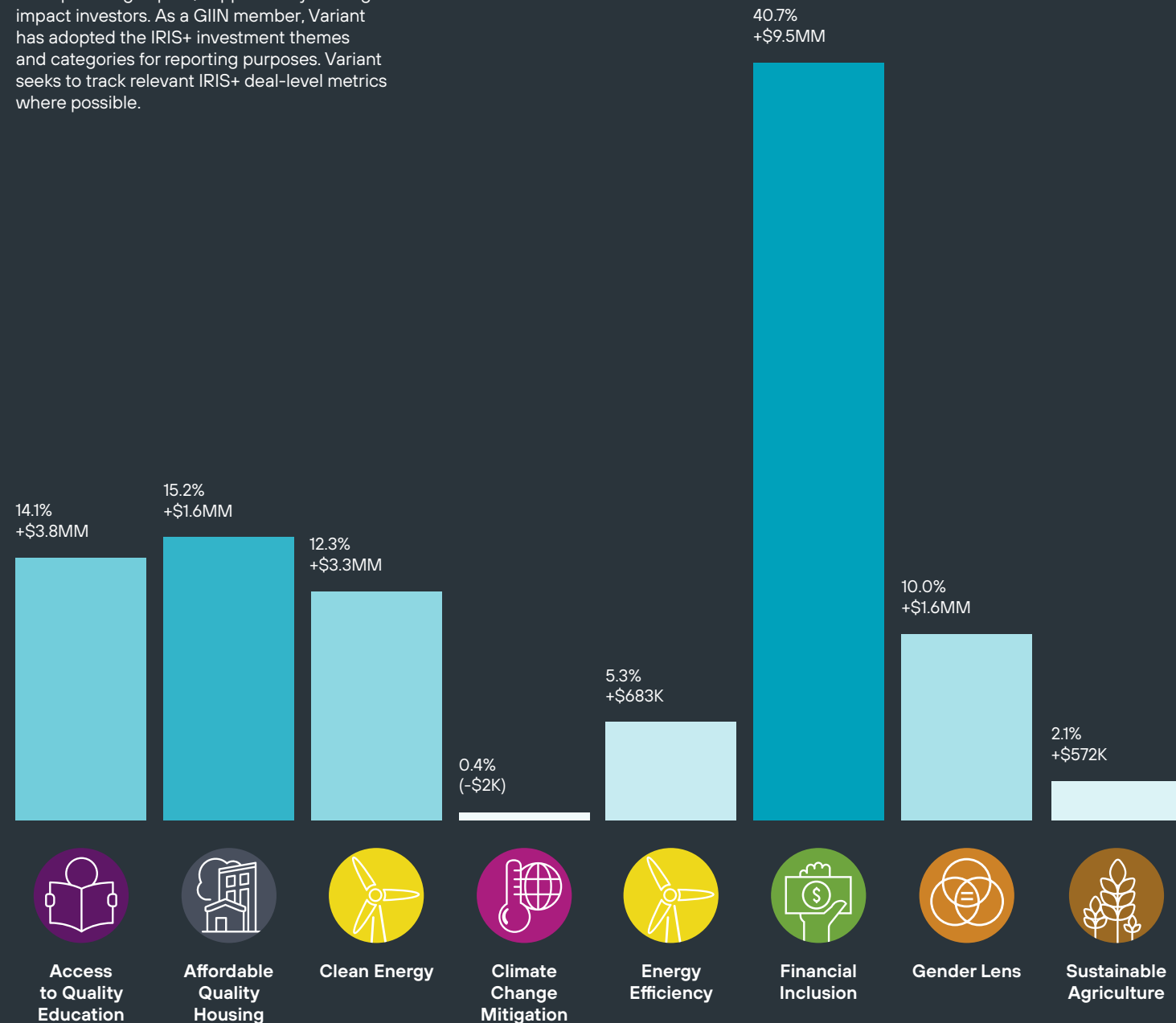
Given the UN SDGs represent a blueprint for peace and prosperity for the whole planet, the Variant team is pleased to show the global reach of the Fund's investments. Ten countries have position sizes greater than 1% and this fiscal year the list expanded to 16 countries looking at position sizes in excess of 0.1%<sup>11</sup>.



US	45.74%	Germany	0.08%
Kenya	8.69%	Taiwan	0.07%
Mexico	8.32%	Cyprus	0.06%
Vietnam	8.16%	Spain	0.05%
Canada	4.98%	Netherlands	0.05%
Colombia	4.42%	Belgium	0.05%
India	4.31%	Sweden	0.05%
Rwanda	3.98%	Singapore	0.04%
Indonesia	3.79%	Turkey	0.04%
South Africa	3.24%	Thailand	0.04%
Israel	0.99%	Armenia	0.03%
Nigeria	0.93%	Bulgaria	0.03%
China	0.73%	Czech Republic	0.03%
Chile	0.49%	Barbados	0.02%
Switzerland	0.11%	Georgia	0.02%
Hong Kong	0.11%	Other	0.23%
UAE	0.09%		

# Impact Themes

The Fund's capital has been deployed across a range of impact themes as defined by the GIIN's IRIS+ categories. IRIS+ is the generally accepted system for measuring, managing, and optimizing impact, supported by leading impact investors. As a GIIN member, Variant has adopted the IRIS+ investment themes and categories for reporting purposes. Variant seeks to track relevant IRIS+ deal-level metrics where possible.

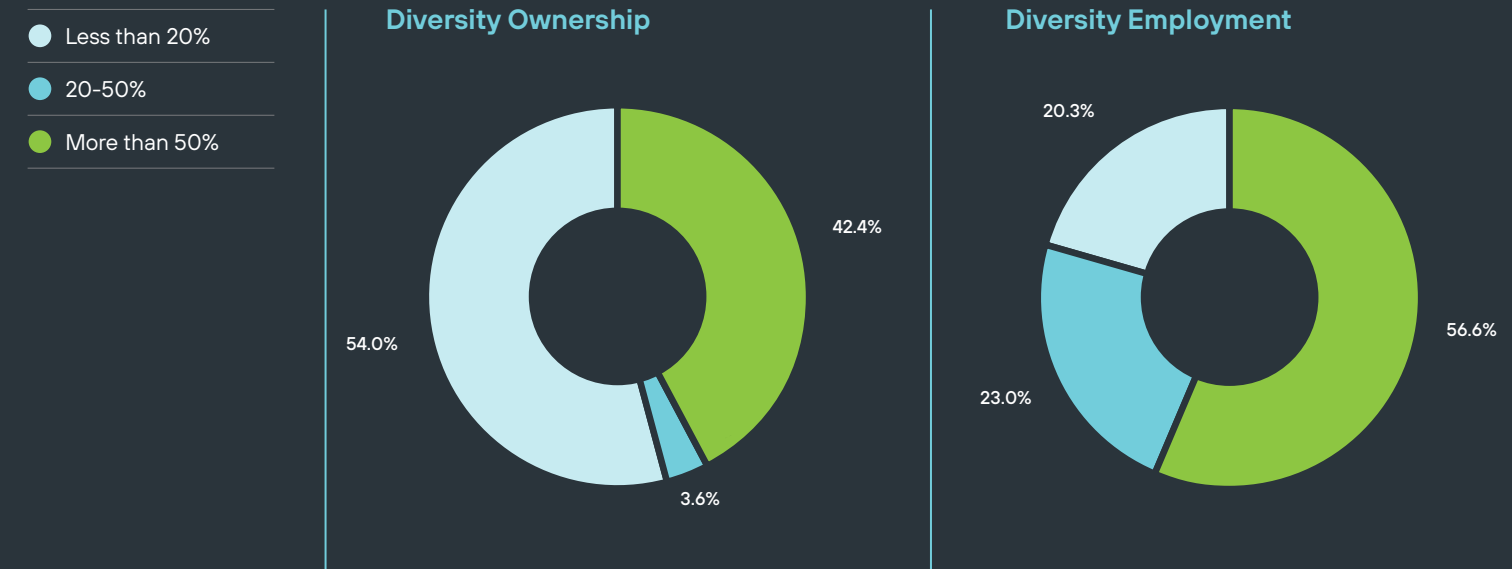


# Diversity, Equity and Inclusion

As a part of its commitment to diversity, equity and inclusion, Variant collects diversity statistics from its investment counterparties. As a part of the underwriting process, Variant looks to estimate what percentage of both the ownership and employment of each counterparty are from these Underrepresented Groups. They fall into one of the following three buckets: More than 50%, 20-50%, and less than 20%.

The Variant team is pleased to report that more than 40% of the Fund's portfolio by NAV is estimated to be invested in counterparties that are majority-owned by underrepresented groups. Likewise, more than half of the portfolio is with counterparties estimated to have an employee profile that is majority-diverse (more than 50%).

Variant has chosen a definition of diversity that focuses on Underrepresented Groups. These include females, disabled persons, veterans, LGBTQ+ and Black/African, Hispanic/Latinx, Asian/Pacific Islander, Middle Eastern, Indigenous, and multi-racial persons.





# Impact Themes

The following pages detail the impact of individual investments held in the portfolio during the reporting period, organized by IRIS+ Investment Themes.

It covers the primary exposures and should not be considered an exhaustive list. Please see the Fund's financial reports on the website for more comprehensive reporting.



Impact Themes

# Financial Inclusion

Impact Challenge

According to the United Nations Secretary – General’s Special Advocate for Inclusive Finance for Development (UNSGSA), financial exclusion continues to be a significant problem for traditionally marginalized groups, including the poor, women, smallholder farmers and micro-, small and medium-sized enterprises (MSMEs).

Financial exclusion greatly impacts the ability of these groups to earn income, protect themselves during crises, and establish financial stability. In emerging markets alone, an estimated 131 million MSMEs lack access to finance, hindering potential for growth and success. Accessible and affordable financial services are essential for enabling families and business owners to generate income, manage cash flow fluctuations, seize opportunities and escape poverty. Financial inclusion has the power to empower individuals and communities, helping individuals and families meet basic needs such as nutritious food, clean water, housing, education and healthcare. Furthermore, financial inclusion is a catalyst for economic growth, resilience, improved financial well-being and job creation.<sup>12</sup>

During the fiscal year-ended April 30, 2023, Variant Impact Fund’s capital played a role in enhancing the accessibility of financial products and services to individuals and SMEs in 10+ diverse countries, where people often face limited access to formal financial services. During this reporting period, Variant Impact Fund capital facilitated funding of more than **\$9.5MM** in working capital loans, consumer loans, auto loans, small business loans and various other financial solutions, catering to the needs of consumers, households and small businesses. Out of the **23,226** loans funded by our borrowers with the capital provided through the Variant Impact Fund, at least **40%** were directed towards supporting women clients or SMEs owned by women.



## IMPCX Portfolio Metrics

Primary SDGs

- 8** DECENT WORK AND ECONOMIC GROWTH
- 11** SUSTAINABLE CITIES AND COMMUNITIES
- 17** PARTNERSHIPS FOR THE GOALS

Secondary SDGs

- 1** NO POVERTY
- 4** QUALITY EDUCATION
- 5** GENDER EQUALITY
- 9** INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10** REDUCED INEQUALITIES

Targets

**8.10** Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

**11.2** By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

**17.11** Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries’ share of global exports by 2020

Impact Themes

Financial Inclusion

Geography

Chile, Colombia, India, Indonesia, Kenya, Mexico, Nigeria, South Africa, US, Vietnam

Number of loans disbursed:

# 25,981+

Value of loans disbursed:

# \$9.5MM

Percentage of women clients:

# >41%



Investments

Community Investment Management

9.6% of total Fund investments as of April 30, 2023



Community Investment Manager (CIM) is a global institutional impact investment manager that specializes in providing strategic debt funding. CIM's primary focus is on helping businesses scale up, and demonstrating responsible innovation in lending to small businesses and underserved borrowers, both in the United States and emerging markets. The proceeds received by individuals are typically utilized

to cover essential expenses such as utilities, grocery store bills and transportation costs including gas, as well as expenses related to medications and pharmaceutical needs. As of Q1'23, capital provided through the Variant Impact Fund is currently funding 218 small businesses and 17,206 individuals. Of these, 29% are women-owned businesses and 37% are individual women borrowers.

As of Q1'23, the Fund's capital is funding:

17,206

individuals

218 29%

small businesses

women-owned businesses

Accial

9.1% of total Fund investments as of April 30, 2023



Accial Capital (Accial) is an impact-focused, technology-enabled investor in small business and consumer loan portfolios in emerging markets. To ensure responsible lending practices, all prospective lending platform partners undergo a thorough review process based on an internal responsible lending framework overseen by the impact management committee. Furthermore, Accial is a signatory to the Responsible Finance Forum Investor Guidelines and is a member of the Global Impact Investing Network.

and debt investment platform for small and medium enterprises (SMEs) in Southeast Asia. The investment from the Variant Impact Fund will primarily address the financing gap for SMEs in Vietnam, where the SME sector is growing but lacks sufficient financial support.<sup>13</sup> Avista, a recent investment for the Variant Impact Fund during this reporting period, is a technology-enabled loan originator based in Colombia, focused on creating credit opportunities for pensioners. With the capital provided by the Variant Impact Fund through Accial, Avista has been able to disburse approximately 552 additional loans, with an average loan size of around \$1,813 in the reporting period.

At the time of this report, Variant Impact Fund has two co-investments with Accial: Funding Societies and Avista. Funding Societies is the leading digital financing

552

additional loans disbursed

\$1,813

average loan size

Lendable

6.6% of total Fund investments as of April 30, 2023



Lendable is an investment platform empowered by technology, specializing in offering financing solutions to prominent high-growth companies that have a positive impact. Specifically, Lendable collaborates with fintech firms that actively address the financial needs of traditionally unbanked and underbanked populations across Africa, Latin America and Asia.

with lower educational backgrounds and rural villagers. With the capital provided by the Variant Impact Fund through Lendable, Amartha has disbursed approximately 3,114 additional loans with an average loan size of \$321. Additionally, it is worth noting that around 85% of these borrowers reside in rural and peri-urban areas. These borrowers have also experienced an increase of 37.76% in their annual revenue with Amartha's financing.

able to disburse approximately 520 additional loans with an average loan size of \$1,441. Additionally, approximately 78% of these borrowers reside in rural and peri-urban areas.

At the time of this report, Variant Impact Fund has two co-investments with Lendable: Amartha and F88. Amartha is a licensed peer-to-peer lending platform that focuses on providing loans to unbanked female micro-entrepreneurs in rural Indonesia. Amartha's services are designed to support economically disadvantaged communities, individuals

F88 offers asset-backed lending to underbanked and unbanked consumers in Vietnam. Their unique product allows borrowers to use their assets as collateral while still retaining their use. With the capital provided by the Variant Impact Fund through Lendable, F88 has been

Amartha borrower YoY increase in revenue:

37.76%

Number of loans disbursed:

3,634





## FINANCIAL INCLUSION

### Investments

#### Drip

5.5% of total Fund investments as of April 30, 2023

Drip Capital (Drip) is a fintech platform specifically designed to enhance global trade for SMEs, providing them with the means to access working capital that can be utilized in their supply chains.

With the capital contributed by the Variant Impact Fund during the reporting period,

Drip was able to disburse approximately 41 working capital loans with an average loan amount of \$36,000. Drip works to address the working capital gap for cross-border trades between exporting countries, primarily focusing on India and Mexico, and importers in developed markets.

# DRIP/c

# \$36,000

average loan amount

# 41

additional working capital loans provided

#### Rivonia – Planet42

3.2% of total Fund investments as of April 30, 2023

Rivonia Road Capital blends a unique combination of deep institutional financing experience with operating expertise in the alternative financing markets to provide bespoke solutions to businesses in the US and globally who are unable to access traditional institutional sources of capital. At the time of this report, the Variant Impact Fund has one co-investment with Rivonia Road: Planet42.

Planet42 is a South Africa based car subscription company that operates on a rent-to-buy model. It aims to serve

individuals who have been unfairly excluded by traditional financial institutions during their car buying journey. Unlike the US and Europe, where public transport systems are well developed, getting places in South Africa comfortably, quickly and safely is an unreasonable challenge without a personal vehicle. With the capital contributed by the Variant Impact Fund during the reporting period, Planet42 was able to provide 132 individuals with access to personal transportation.

# Planet42

# 132

additional individuals provided with access to personal transportation



#### Dream America

4.7% of total Fund investments as of April 30, 2023



Dream America is a lease-to-own real estate company for single-family properties, which provides a roadmap to a mortgage for individuals unable to obtain a mortgage through conventional means due to low credit scores. Dream America buys homes at values typically between \$150,000 and \$400,000, places approved tenants into the homes, and sells the home to the tenants at a predetermined price after 6 to 12 months of the tenant paying rent. The Dream America program not only provides tenants with the opportunity to purchase the property but also offers credit building and educational resources to prepare them for the mortgage application process.

The Variant Impact Fund has extended a credit facility to Dream America to

support their lease-to-own program. Since its inception, Dream America has successfully sold 98 properties to new homeowners through this program, with over 94% of those buyers coming from Underrepresented Groups. Currently, Dream America's program includes a portfolio of 201 properties with approximately 70% of completed sales being to tenants.

# 94%

of buyers coming from underrepresented groups

#### Other exposures

The Lundy Nigerian Cocoa Fund (0.74% of total Fund investments as of April 30, 2023) acts as a trading intermediary, enabling cocoa traders in Nigeria to seamlessly transfer cocoa beans aggregated from local Nigerian cocoa farmers to large multinational cocoa processing companies across Europe, Asia, and North America.

The Zanifu Credit Facility (0.51% of total Fund investments as of April 30, 2023) provides short-term inventory financing to small proprietorships in Kenya, such as "dukas" operators, which offer high-frequency purchases, such as clothing, electronics, food items, or tools.

Credito Facil (0.37% of total Fund investments as of April 30, 2023) provides payroll deduction loans to underbanked middle class Mexican borrowers, typically government employees.

Impact Themes

# Clean Energy & Energy Efficiency

Impact Challenge

Climate change is considered by many to be the greatest existential challenge facing the planet.

The estimated cost of addressing related challenges was recently put at \$100 to \$150 trillion worldwide over the next three decades.<sup>14</sup> Climate change is considered by many to be the greatest existential challenge facing the planet. Energy efficiency has perhaps the single greatest

potential to cut greenhouse gas emissions and can comprise 50% of the solution to the climate challenge.<sup>15</sup> Energy efficiency may also support key social imperatives to the extent it lowers costs and broadens access to safe and reliable energy to meet basic needs.

## IMPCX Portfolio Metrics

Primary SDGs

- 7 AFFORDABLE AND CLEAN ENERGY**
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

Secondary SDGs

- 3 GOOD HEALTH AND WELL-BEING**
- 6 CLEAN WATER AND SANITATION**
- 10 REDUCED INEQUALITIES**
- 13 CLIMATE ACTION**
- 5 GENDER EQUALITY**
- 8 DECENT WORK AND ECONOMIC GROWTH**
- 11 SUSTAINABLE CITIES AND COMMUNITIES**
- 15 LIFE ON LAND**

Targets

- 7.1** By 2030, ensure universal access to affordable, reliable and modern energy services
- 7.2** By 2030, increase substantially the share of renewable energy in the global energy mix
- 7.a** By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology
- 9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
- 12.2** By 2030, achieve the sustainable management and efficient use of natural resources

Impact Themes

Clean Energy & Energy Efficiency

Geography

Rwanda, Canada, US, Israel, China, Germany, Spain, Netherland, Belgium, Sweden

Investments

**North Sky**

3.7% of total Fund investments as of April 30, 2023



The North Sky Clean Growth Funds are investing in sustainable technologies to combat climate change through companies that innovate around and/or deploy clean technologies in areas such as renewable energy, energy storage, EVs, EV charging infrastructure, grid stabilization, distributed power, supply chain optimization, energy efficiency in the build environment, "smart" connected devices, decarbonizing heavy industry and pollution controls. The space has grown from a few billion dollars available for investment into more than \$200B today but there is still not enough private capital to meet the demand needed to invest in more sustainable technologies. As of Q1'23, Clean Growth Fund III is invested across 18 positions with more than 50% of their investments in energy efficiency, alternative energy, waste & waste water management, and agriculture & nutrition.

**WindSail**

1.6% of total Fund investments as of April 30, 2023



WindSail provides growth financing to early-stage companies advancing energy innovation and sustainability in order to accelerate climate change solutions. Their innovative capital solutions seek to address underserved segments of the market and help emerging companies achieve scale and impact. As of Q1'23, WindSail Capital Fund is invested across 12 positions. The Fund's most recent investment was made in Oct-22, providing debt capital to a Canada-based engineering firm that provides robotic solutions for hazardous site investigations and water surveys.

**CarVal**

1.86% of total Fund investments as of April 30, 2023



The CarVal Clean Energy Fund II focuses its effort on developed economies and primarily on North American opportunities, with investments made across four target verticals: commercial and industrial solar and storage, C-PACE (Commercial Property Assessed Clean Energy) and efficiency, private debt and residential solar loans and solar ABS. The CarVal Clean Energy Fund previously financed three large wind farms with over 20 years of remaining life that faced capital needs after Superstorm Uri in Feb-21. Through its investments in renewable energy, CarVal's funds has contributed to the reduction of over 97k metric tons of CO<sub>2</sub>, equivalent to the carbon sequestered by 118,871 acres of US forests in one year or removing 21,101 passenger cars from the road for a year.

**HawksPoint**

2.86% of total Fund investments as of April 30, 2023



The Variant Impact Fund provided financing to Envest Corp. a Canadian-based developer, owner and operator of clean energy projects (renewable natural gas, wind, biomass and combined heat and power), to purchase TEV Bullfrog, the leading Canadian renewable energy credit ("RECs") solutions provider. As of Dec-22, Envest Corp has made strides

in sustainable practices, achieving significant environmental impact. Their efforts have successfully avoided an impressive 812,629 tons of CO<sub>2</sub> emissions, contributing significantly to the reduction of GHGs. Additionally, they have generated a substantial 209,581 MWh of clean energy, playing a pivotal role in promoting renewable energy sources.

**RKB**

0.72% of total Fund investments as of April 30, 2023

RKB, through a joint venture with the National Energy Improvement Fund, advances funds to contractors who have made energy efficiency upgrades to residential, commercial and industrial buildings (i.e. adding EV parking, heat pumps, etc.) and are waiting to get reimbursed for the cost from a government or utility energy efficiency program.

**Jali**

3.15% of total Fund investments as of April 30, 2023

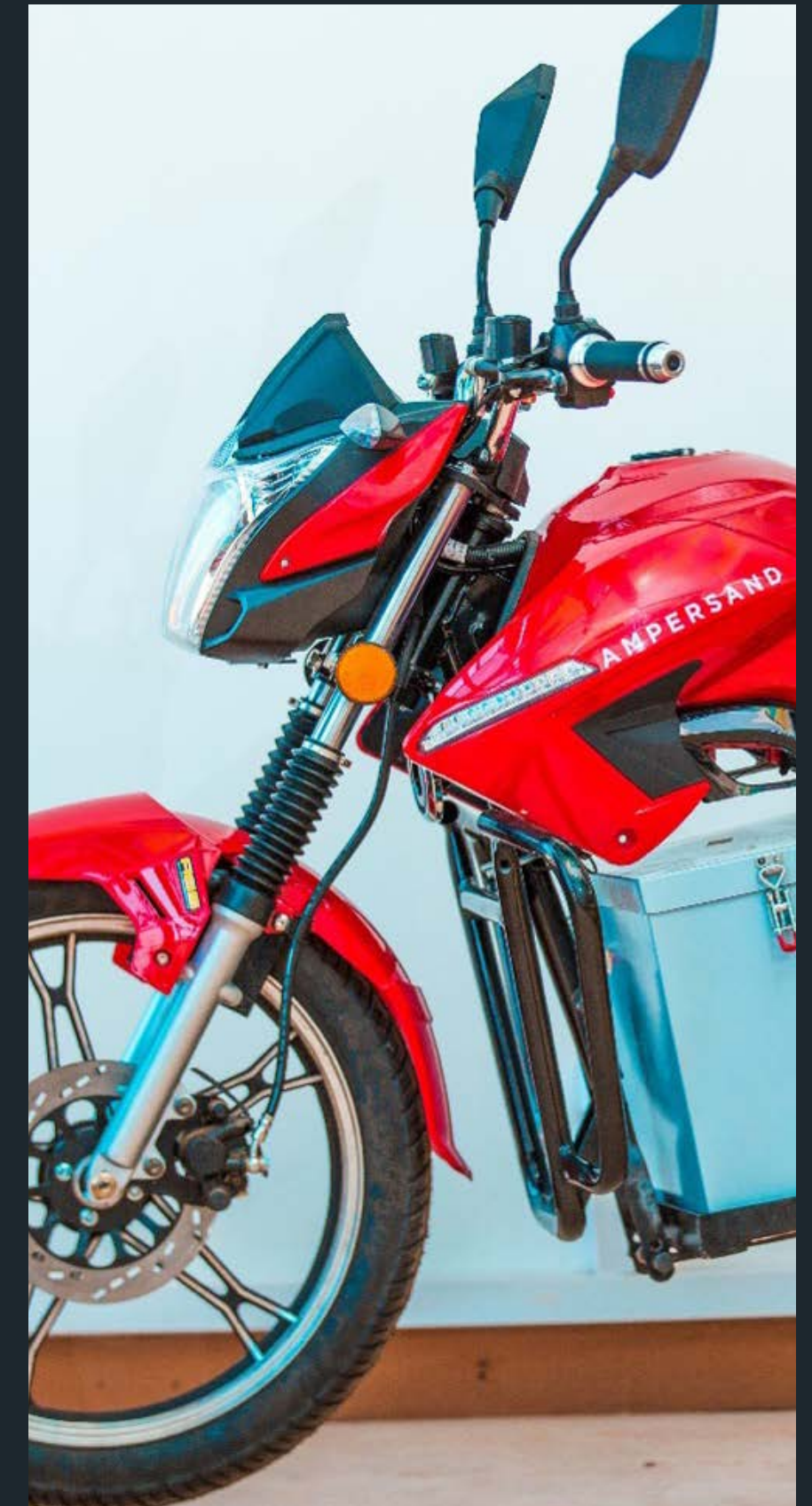


Jali is attempting to solve Rwanda's air pollution problem and reliance on crude oil consumption by introducing EV motorcycles into the country. Jali Finance has a dual objective through the Jali Transport Limited facility. Firstly, to provide lease-to-own financing for Rwandan motorcycle taxi drivers, giving them a feasible path to own their motorcycle at the end of the financing period. The second objective is to replace petrol-powered motorcycles on the streets of Kigali with battery-powered EV motorbikes. According to the CEO of Jali, e-bike users have reported cost savings as a significant advantage. An e-bike can travel 71 kilometers for the same amount spent on a battery swap, whereas a fuel-based motorcycle would only travel 37 kilometers if the same amount were spent on fuel. As of April 2023, the Variant Impact Fund's capital is financing approximately 487 e-bikes in Rwanda.

**487**

additional motorcycles financed

Source: <https://www.newtimes.co.rw/article/4732/news/featured/jali-finance-raises-3m-investment-to-boost-e-mobility-programme>



Impact Themes

# Affordable Quality Housing

Impact Challenge

Housing access and affordability is a complex and pressing issue of strategic importance for human development, social peace and equality. An estimated 1.6 billion people, or 20% of the global population, live in inadequate housing.<sup>16</sup> Rising development costs, growing urbanization and a lack of affordable financing options are compounding the challenge. Affordable housing is also a problem shared by emerging and developing economies alike.

IMPCX Portfolio Metrics

Primary SDGs



Secondary SDGs



Target 11.1

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Impact Themes

Affordable Quality Housing

Geography

USA & Kenya

Investments

**Almond**

8.1% of total Fund investments as of April 30, 2023



In Kenya, more than half<sup>17</sup> of urban households live in slums. The housing deficit is exacerbated by an urbanization rate estimated at 4.4% annually (about 500,000 new city dwellers). The production of housing units is currently at less than 50,000 units annually, culminating in a housing deficit of over 2 million units.<sup>18</sup>

Almond Estate Co. Ltd is a property management and real estate development company based in Nairobi, Kenya. Almond aims to construct several affordable housing complexes with the Fund's capital,

specifically in underserved urban areas. The Variant Impact Fund was the sole credit provider to Almond on two projects: 1) Adah Gardens, a 33-acre site outside of Nairobi with 270 affordable home plots including water and electricity on-site and 2) Kitisuru, a 98-unit entry level condominium with modern utilities and appliances in Nairobi. The first block of Kitisuru consists of 35 units and has already been more than 85% sold upon its completion. Among the buyers, more than 70% are female. Construction is currently in progress on the second block of Kitisuru.

**70%**  
Percentage of women clients

**270**  
Affordable home plots



Left: Curt Fintel, Variant Principal



Investments

Castellan

7.1% of total Fund investments as of April 30, 2023

The state of California is in an acute housing crisis, considered by many to be the worst in the US. In addition to a shortage of housing units estimated to be in the millions, the relatively high cost of housing creates a massive affordability gap for much of the population. The median price for a single-family home in California is \$791,490,<sup>19</sup> while 64.1% of low-income renter households (51-80% Area Median Income (AMI)) are considered to be "housing cost burdened".<sup>20</sup>

The Castellan Affordable Housing Fund (CAHF) plays a part in the housing solution by providing pre-acquisition and development capital for affordable housing construction in California. In particular, CAHF focuses on the earliest stages of the process, including land acquisitions, tax credits, and government incentive applications and funding upfront development costs prior to securing permanent financing from private and public sources. The properties

developed with this funding are intended for people who make less than 60% of the AMI, with roughly 45% earning less than 30% of the AMI, and 34% earning between 30% and 50% of the AMI. The Variant Impact Fund was a meaningful portion of CAHF's Assets Under Management (AUM) during the reporting period.

Since its inception, Castellan Real Estate Partners (CRP) has acquired land that has enabled the creation of at least 683 affordable housing units. Additionally, land that could facilitate the construction of another 1,888 units is currently under contract, with 353 of these units expected to be completed in 2023. CRP's completed and ongoing projects have led and are expected to lead to an approximately 45% weighted average discount from market rent for low-income renter households earning around 50% of the AMI.

CASTELLAN REAL ESTATE PARTNERS

Portfolio investment:

Eucalyptus Grove is a 69 units new construction located in Burlingame, California. CRP acquired the project in Oct-22 and is expected to sell to a low-income housing tax credit (LIHTC) equity investor during the second half of 2023. The project is expected to provide units at approximate 55% discount to market rate for low-income renter households earning around 39% of the AMI. Additionally, CRP intends to partner with a non-profit developer to offer on-site supportive services, including job training, parenting classes, financial literacy, computer training, case management, and health education.

45%

Weighted average discount from market rent

683

Affordable housing units completed

1,888

Additional affordable housing units under contract



Elvie Washington Affordable Housing Program Resident

Elvie Washington, a resident at a facility funded by Castellan's CRP Affordable Housing program, explains how she had to look at over 50 different places to live due to the high cost of rent in her area. Without the housing she was able to access through the CRP Affordable Housing program, she would be forced to consider an apartment that costs \$2,000/mo. Her one-bedroom at George D. McKinney Retirement Center is available to her for only \$322/mo.

CAHF Valencia Pointe Apartments San Diego, California



Impact Themes

# Access to Quality Education

Impact Challenge

One of the reasons why many students hesitate to pursue higher education is the daunting burden of private loans, especially when securing a high-paying job is not guaranteed.

Falling behind on loan payments can lead to deferment which can cause the loan balance to inflate, trapping individuals in a perpetual state of indebtedness. Default can also occur, not only impacting one's credit score but also resulting in long-term implications such as limited access to rental housing, credit cards, mortgages and auto loans.

Income Share Agreements (ISAs) offer a solution by scaling loan repayments to income, ensuring that payments remain affordable. Borrowers who earn below a certain annual income threshold are not required to make payments, providing protection against income-driven defaults and improving their prospects for future credit accessibility.

During this reporting period, Variant Impact Fund's capital helped facilitate funding for over 260 students on their journey to pursue higher education. The Variant Impact Fund made three investments in companies that offer ISAs within their own educational programs as well as companies that primarily provide funding to students seeking ISAs as an alternative to student loans.

IMPCX Portfolio Metrics

Primary SDGs



Secondary SDGs



Target 4.3

By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

Impact Themes

Access to Quality Education

Geography

USA

Investments

**Stride**

2.5% of total Fund investments as of April 30, 2023



Stride Funding is a mission-driven fintech company that aims to revolutionize education by offering innovative, outcomes-based lending products. Unlike traditional approaches that rely on strict FICO (credit score) cutoffs, cosigners, and other credit barriers, Stride harnesses alternative data sets and innovative modeling techniques. This enables Stride to provide students from diverse backgrounds with alternative financing options, including Income Share Agreements, Deferred Tuition Agreements and Employer Sponsored Loan Programs. With the capital contributed by the Variant Impact Fund during the reporting period, Stride successfully financed the enrollment of approximately 48 students into a partner bootcamp.

# 48

Number of students financed

**Other exposures**

0.4% of total Fund investments as of April 30, 2023

Outcome provides Income Share Agreements to students in short-term educational programs. Outcome is the sole ISA provider to Highway Education, an online digital marketing operations bootcamp training program.





## Investments

### App Academy

11.1% of total Fund investments as of April 30, 2023



App Academy offers immersive software engineering bootcamp programs specifically designed for individuals with limited or no coding experience. App Academy's operational model relies heavily on Income Share Agreements (ISAs) and Deferred Tuition Agreements (DTAs), fostering a robust alignment of incentives between the academy and its students. This alignment goes beyond program quality and extends to job readiness and placement, ensuring mutual success.

With the capital contributed by the Variant Impact Fund during the reporting period, App Academy was able to finance the enrollment of approximately 199 additional students into the program through ISAs.

App Academy's ISA and DTA programs provide students with a comprehensive curriculum, requiring no upfront tuition or deposit upon enrollment, and ensuring that

students have no tuition obligation if they are not placed into employment afterwards. App Academy's comprehensive curriculum typically spans a duration of six months and is accessible through both online and in-person formats.

**Income Share Agreements** are a form of college financing which bases repayments on the student's future income.<sup>21</sup>

**Deferred Tuition Agreements** mean students only begin making regular payments once they have graduated.<sup>22</sup>

# 199

Number of students financed



**App Academy Graduate:**  
**Lizzie Friedman**

Lizzie Friedman was a part of a full-time online cohort at App Academy that started two months before the COVID-19 pandemic. Despite the uncertainties of changing careers amidst a global crisis and the subsequent lockdowns, Lizzie, who had recently become a single mother to a young daughter, rose above these challenges to fully immerse herself in the App Academy curriculum. She dedicated herself to mastering Python from the confines of her home office, tucked away in her closet. Having shown herself to be a student whose strong voice, decisive nature and inquisitiveness never wavered, her exceptional commitment paid off when she secured a position at MediaMath, one of App Academy's partner companies. Notably, her journey to success included a bidding war between her current employer and another startup, highlighting her remarkable skills and desirability in the job market.

Impact Themes

# Gender Lens

## Impact Challenge

In 2019, the percentage of total investment worldwide in all-female businesses was 3%, marking a decrease of 4% from 2018.

This number further declined to 2% in 2020 and remained unchanged at 2% in 2021. Additionally, the International Financial Corporation (IFC) has estimated that there is currently a \$300 billion financing gap for small and medium-sized businesses owned by women.

This trend has persisted during and after the pandemic, with a notable 43% surge in the founding rate for women between 2019 and 2020. However, it's important to note that this positive shift occurs within a larger context where the dollar investment in women-owned businesses still represents a relatively small portion compared to that directed towards businesses founded by men.

According to the 2022 Global Gender Gap Report published by the World Economic Forum, the proportion of women founders has doubled (risen 100%) worldwide in the last five years, while the proportion of men founders has increased by 55%.

## Investments

### Star Strong Capital

10% of total Fund investments as of April 30, 2023

At the time of this report, the Variant Impact Fund is financing seven different companies, 100% founded by women, through the Star Strong Impact Venture Debt strategy.

Star Strong Capital provides growth capital to small and medium-sized businesses with angel and venture capital backing. Star Strong intends to fill a gap in the capital structure for early-stage companies not served by the traditional credit model due to smaller investment size, stage of the business, or underwriting requirements of alternative capital sources. This gap is thought to be particularly acute for underrepresented and female founders. Star Strong looks for diverse management teams building strong businesses across a variety of sectors. The Star Strong Impact

Venture Debt Fund provides positive impact by providing debt products to organizations led or employed by Underrepresented Groups, especially women.

#### At the time of this report, investments in the Fund include:

- Naboso: Dr. Emily Splichal, Founder (2.51% of total Fund investments as of April 30, 2023)
- Bartlesville Oklahoma Real Estate: Danielle Curls Bennett, Founder (1.87% of total Fund investments as of April 30, 2023)
- Financial Gym: Shannon McLay, Founder; all-female executive team (1.56% of total Fund investments as of April 30, 2023)

- Paperstack: Assel Beglinova, Founder (1.25% of total Fund investments as of April 30, 2023)
- Blace: Founder: Robin Fisher (0.94% of total Fund investments as of April 30, 2023)
- Prepped Inc: Catherine McCord, CEO (0.61% of total Fund investments as of April 30, 2023)
- Animal Repair Shop: Susan Bonds, CEO (0.53% of total Fund investments as of April 30, 2023)

**100%**  
of underlying companies are female led.

## IMPCX Portfolio Metrics

### Primary SDGs



### Secondary SDGs



### Targets 5.5

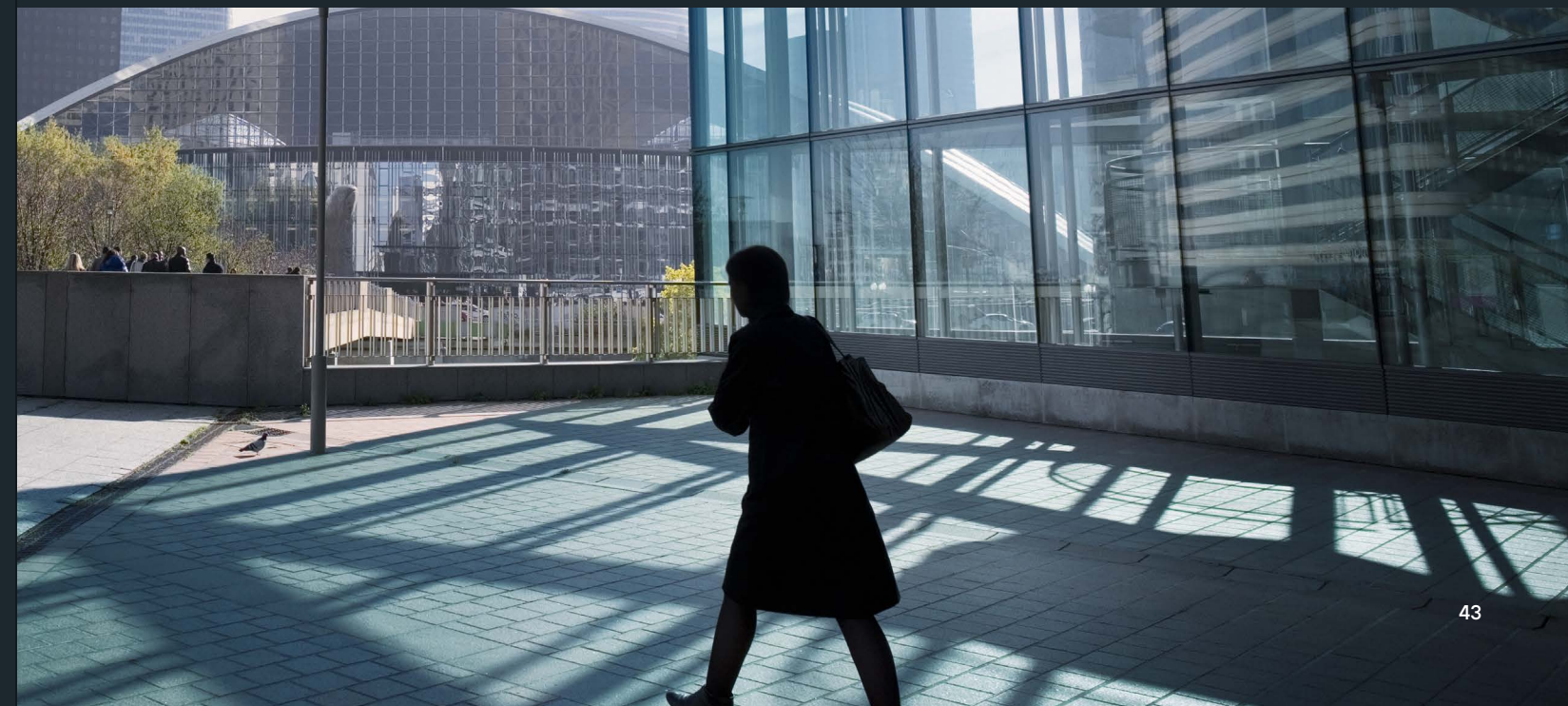
Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

### Impact Themes

Gender Lens

### Geography

USA, Canada



Impact Themes

# Sustainable Agriculture

Impact Challenge

According to the United Nations, the global population is projected to increase by two billion people by 2050.

This rapid population growth necessitates a 70% increase in food production to meet demand.<sup>23</sup> However there is growing concern about the feasibility of producing sufficient food with limited resources. To address this concern, sustainable agriculture provides a solution by adopting regenerative practices that align with nature, striving to optimize food production while minimizing harm to the environment.

Through strategic partnerships with investment managers focusing on conservation farming, the Fund aims to leverage its capital to enhance farm profitability, promote environmental stewardship and improve the quality of life for farmers and farming communities. Additionally, this initiative seeks to increase production to meet the growing demand for human food and fiber needs.



Investments

## Conservation Resource Capital VI

2.1% of total Fund investments as of April 30, 2023

### IMPCX Portfolio Metrics

Primary SDGs



Secondary SDGs



Targets – 2.4

By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

Impact Themes

Sustainable Agriculture

Geography

USA

Conservation Resources is an investment organization that aims to leverage private capital to acquire and manage a diverse portfolio of agricultural properties. Conservation Resource Capital VI (“CRC VI”) focuses on acquiring productive farm and pasture lands that possess significant conservation and natural resource value. The Fund’s current holdings and strategy comprise the following:

1. Gardner Farms (Chicot County, Arkansas) –Catfish ponds are being converted into row crop fields, with a focus on regenerative soybeans and rice. The soybean acres will follow a no-till soybean

regenerative rotation, while the rice acres will be farmed using a row rice approach. Unlike traditional flood irrigation for rice, row rice utilizes significantly less water, reducing consumption by 37% to 60%. Moreover, this method also contributes to a 60% reduction in methane emissions.

2. Moxee Valley Orchards (Yakima County, Washington) – Moxee is a permanent crop property spanning 1,558 acres in Washington. The primary cultivation at Moxee revolves around certified organic apples, supplemented by organic cherries and row crops. In addition to implementing sustainable farming

practices for the certified organic apples, CRC VI has joined forces with local conservation groups to establish bee pollinator habitats on sixty acres of land that would typically be considered unsuitable for farming.

3. Dallam AO Ranch (Dallam County, Texas) – Dallam is a row crop property that is currently managed through conventional farming practices. However, there are plans in place for its conversion into regenerative pasture. This transition is being facilitated through a Memorandum of Understanding between CRC VI and the property’s lessee.



Investments



Gardner Farms

In November 2022, CRC VI completed the acquisition of Gardner Farms, a 560-acre farmland property located in Chicot County, Arkansas, of which 404 acres are managed under sustainable cultivation and farming practices. Historically, Gardner Farms has been primarily engaged in catfish farming, with the majority of the land consisting of catfish ponds. However, after over 40 years of catfish farming, the ponds will leave a significant nitrogen surplus on the remaining land once they are fully drained (see before and after picture above).

Considering the fertile nature of the soils, CRC VI has secured a tenant who has signed a ten-year lease to cultivate soybeans and rice using regenerative farming practices. The lease explicitly states that the farmer must employ methods that improve soil health, enhance organic material content, minimize soil erosion and promote water absorption. Specifically, the soybeans will be cultivated using a no-till approach, wherein the seeds are directly drilled into the soil instead of

the conventional method of ploughing and overturning the soil before planting.

Additionally, the tenant will be adopting a technique known as "row rice" for rice cultivation. This method involves irrigating the rice fields through small canals located between the rows of rice plants, resulting in notable reductions in water usage and methane emissions compared to traditional flood irrigation methods.

As a direct outcome of implementing these regenerative farming practices and the associated reductions in carbon emissions and methane, CRC VI anticipates generating carbon offsets that can be sold on the voluntary market. These offsets will complement the primary income from the tenant lease. Furthermore, CRC VI is currently working on an agreement with GreenTrees, a reforestation group operating in the Mississippi Alluvial Valley, to plant native hardwoods on the riparian acreage along a 10-mile stretch of the Boeuf River, which is protected by best management practices.

3,050

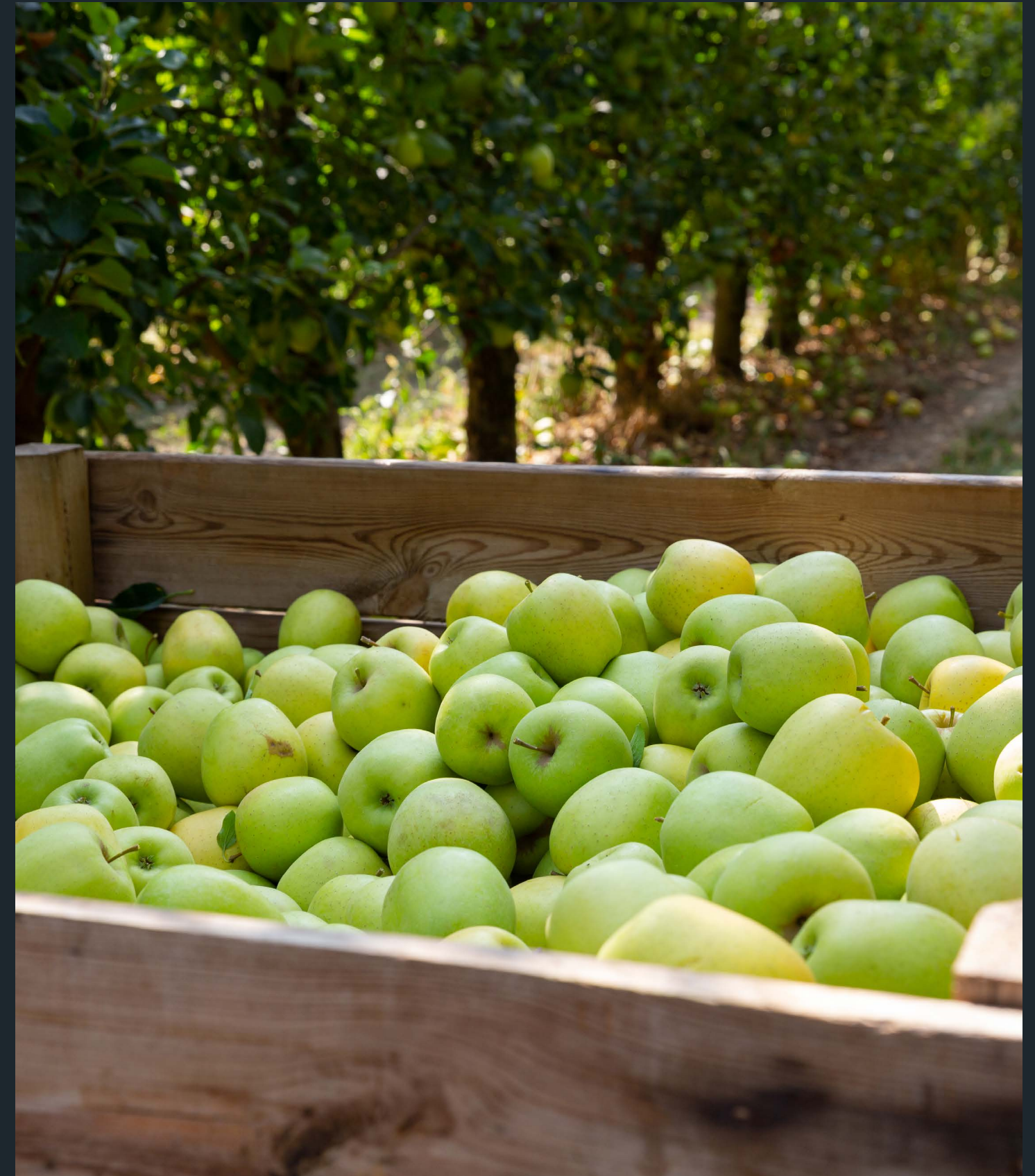
acres of sustainably managed farm

100%

of farms subject to a regenerative farm management plan

132

acres of certified organic farm



# The Road Ahead

We are immensely proud of the positive impact delivered by the Fund over the past year. Thank you to those that have invested with us on this journey to date, and who trust us to make their money matter.

We also acknowledge that we are still early in our journey and there is so much more to do. The challenges identified by the UN Sustainable Development Goals are daunting in their scale and scope, and recent developments makes the need to tackle them feel more urgent than ever.

We are excited for the Variant Impact Fund to do its part and we are determined to continuously enhance the impact effect of

the Fund's capital. In this spirit, the Impact Investing Committee plans to focus on the following strategic priorities in the coming year:

- Seek even greater amplification opportunities as the Fund grows
- Broaden our reach and further diversify across investment opportunities, impact themes and UN SDG targets
- Redouble our efforts in collecting and analyzing impact metrics.

We look forward to reporting on our progress on these initiatives in next year's report.

# Endnotes

- 1 This report covers the Fund's fiscal year, from May 1, 2022 through April 30, 2023
- 2 <https://www.unpri.org/>
- 3 <https://thegiin.org/>
- 4 <https://tideline.com/>
- 5 <https://iris.thegiin.org/>
- 6 <https://www.undp.org/sustainable-development-goals>
- 7 All portfolio figures are excluding Cash and as of 4/30/2023. All holdings are subject to change.
- 8 Capital deployment is defined as new contributions, or dollars wired out, to investments from the Variant Impact Fund.
- 9 Fund inception date of November 1, 2021
- 10 <https://www.undp.org/sustainable-development-goals>
- 11 The country allocation are estimates based on information available at the time of reporting which may not line up exactly with the fiscal year-end reporting date. Note that certain investments, such as private funds, may invest across a range of countries. In those cases, Variant strives to collect underlying country breakdown information from the counterparty, which is included in the calculations presented here.
- 12 <https://www.unsgsa.org/financial-inclusion>
- 13 <https://fundingsocieties.com/press/2022/vietnam-launch>
- 14 Keynote Remarks by Secretary of the Treasury Janet L. Yellen at COP26 in Glasgow, Scotland at the Finance Day Opening Event | U.S. Department of the Treasury
- 15 <https://www.aceee.org/research-report/u1907#:~:text=Energy%20efficiency%20can%20slash%20US,up%20government%20policies%20and%20programs>
- 16 <https://www.un.org/development/desa/dspd/2020/03/resolution-homelessness/>
- 17 <https://data.worldbank.org/indicator/EN.POP.SLUM.UR.ZS?end=2020&locations=KE&start=2000&view=chart>  
<https://unhabitat.org/sites/default/files/download-manager-files/UN-HABITAT%20and%20Kenya%20Slum%20Upgrading%20Programme%20%28KENSUP%29.pdf>
- 18 <https://www.habitat.org/where-we-build/kenya>
- 19 <https://calmatters.org/housing/2023/05/california-exodus-housing-cost/>
- 20 [https://nlihc.org/sites/default/files/SHP\\_CA.pdf](https://nlihc.org/sites/default/files/SHP_CA.pdf)
- 21 <https://www.investopedia.com/income-share-agreement-isa-definition-5181445>
- 22 <https://careerkarma.com/blog/coding-bootcamp-isas/>
- 23 [https://www.fao.org/fileadmin/templates/wsfs/docs/Issues\\_papers/HLEF2050\\_Global\\_Agriculture.pdf](https://www.fao.org/fileadmin/templates/wsfs/docs/Issues_papers/HLEF2050_Global_Agriculture.pdf)

# Disclosure

Holdings are subject to change at any time and are not a recommendation to buy or sell any security.

The Variant Impact Fund (the "Fund") is a continuously-offered, non-diversified, registered closed-end fund with limited liquidity. The investment objective of the Fund is to seek to provide a high level of current income. Capital appreciation is considered a secondary objective. The Fund will also seek to generate positive social and environmental impact by targeting investment opportunities that are both aligned with the United Nations Sustainable Development Goals ("UN SDGs") and consistent with the Fund's impact investing framework. There is no guarantee the Fund will achieve its objective. An investment in the Fund should only be made by investors who understand the risks involved, who are able to withstand the loss of the entire amount invested, and who can bear the risks associated with the limited liquidity of Shares. A prospective investor must meet the definition of "accredited investor" under Regulation D under the Securities Act of 1933.

**Important Risks:** In implementing the Fund's impact investment strategy, the Investment Manager may select or exclude certain investments for reasons other than investment performance. For this reason, the Fund's impact strategy could cause it to perform differently compared to funds that do not have such strategy. There is no guarantee that the Investment Manager's definition of impact investing, security selection criteria, or investment judgment will reflect the beliefs or values of any particular investor. Currently, there is a lack of common industry standards relating to the development and application of environmental, social, and governance (ESG)

criteria, which may make it difficult to compare the Funds' principal investment strategies with the investment strategies of other funds that integrate certain "impact" criteria.

The substantial investment by the Fund in private securities, there is no reliable liquid market available for the purposes of valuing the majority of the Fund's investments. There can be no guarantee that the basis of calculation of the value of the Fund's investments used in the valuation process will reflect the actual value on realization of those investments.

Shares are an illiquid investment. You should generally not expect to be able to sell your Shares (other than through the repurchase process), regardless of how the Fund performs. Although the Fund is required to implement a Share repurchase program only a limited number of Shares will be eligible for repurchase by the Fund.

The investment in the Fund is speculative, involves substantial risks, including the risk that the entire amount invested may be lost, and should not constitute a complete investment program. The Fund may leverage its investments by borrowing, use of swap agreements, options, or other derivative instruments. The Fund is a non-diversified management investment company, meaning it may be more susceptible to any single economic or regulatory occurrence than a diversified investment company. In addition, the Fund is subject to investment-related risks of the underlying funds, general economic, and market condition risk.

Alternative investments provide limited liquidity and include, among other things, the risks inherent in investing in securities,

futures, commodities and derivatives, using leverage and engaging in short sales. The Fund's investment performance depends, at least in part, on how its assets are allocated and reallocated among asset classes and strategies. Such allocation could result in the Fund holding asset classes or investments that perform poorly or underperform. Investments and investment transactions are subject to various counterparty risks. The counterparties to transactions in over-the-counter or "inter-dealer" markets are typically subject to lesser credit evaluation and regulatory oversight compared to members of "exchange-based" markets. This may increase the risk that a counterparty will not settle a transaction because of a credit or liquidity problem, thus causing the Fund to suffer losses. The Fund and its service providers may be prone to operational and information security risks resulting from breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause the Fund to lose proprietary information, suffer data corruption, or lose operational capacity.

**BEFORE INVESTING YOU SHOULD CAREFULLY CONSIDER THE FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES AND EXPENSES. THIS AND OTHER INFORMATION IS IN THE PROSPECTUS, A COPY OF WHICH MAY BE OBTAINED FROM (877) 770-7717 OR WWW.VARIANTINVESTMENTS.COM. PLEASE READ THE PROSPECTUS CAREFULLY BEFORE YOU INVEST.**

Foreside Fund Services, LLC, distributor.

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